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CANADIAN ICE MACHINE COMPANY LIMITED

Annual Report



Canadian Ice Machine Company Limited

<i>Board of Directors</i>	J. DAVIS Buffalo
	A. G. S. GRIFFIN Toronto
	W. L. PHARO Toronto
	J. RAYMOND, Q.C. Montreal
	H. V. SHIPLEY Toronto
	C. F. MACKENZIE Toronto
	W. L. B. WATTS Toronto
<i>Officers</i>	H. V. SHIPLEY President
	W. L. PHARO Vice-President
	W. L. B. WATTS Comptroller and Treasurer
	F. BLACK Secretary
<i>Solicitors</i>	FRASER, BEATTY, TUCKER, McINTOSH & STEWART . Toronto
<i>Bankers</i>	THE TORONTO-DOMINION BANK Toronto
<i>Transfer Agents</i>	CANADA PERMANENT TORONTO GENERAL TRUST COMPANY Toronto
<i>Registrars</i>	THE CANADA TRUST CO. Toronto
<i>Auditors</i>	THORNE, MULHOLLAND, HOWSON & McPHERSON . Toronto
<i>Head Office</i>	65 VILLIERS STREET Toronto

Annual Report of Directors

for the year ending December thirty-first, nineteen sixty-two

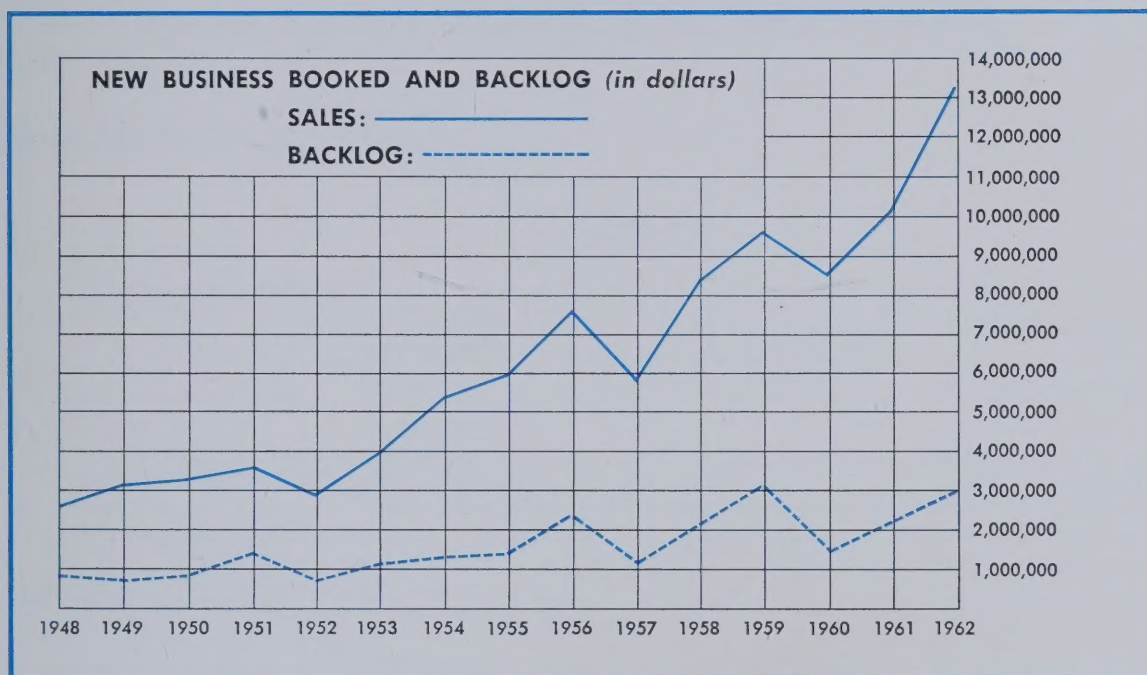
The Directors take pleasure in submitting the following report on the operations of Canadian Ice Machine Company Limited, its wholly owned subsidiaries, Shipley Company of Canada Limited, National Heating Products Limited, Certified Maintenance (Quebec) Limited, and of Refrigeration Certified Maintenance Company Limited.

1962 was a year of continuing progress. New business booked during the year amounted to \$13,450,615.00 and again all previous records were exceeded. Consolidated sales billed in 1962 were \$12,718,231.00, also a new record for the Company. The net operating profit of \$60,589.35 was substantially greater than 1961. The backlog with which we entered 1963 was \$2,953,442.00, a 37% increase over last year.

The profits of the Refrigeration, Air Conditioning, Plumbing and Heating Contracting divisions were very satisfactory. Our Manufacturing and Wholesale units, National Heating Products Limited and Shipley Company of Canada Limited are relatively new operations and are still in the development stage. Their performance was materially affected by the discount on the Canadian dollar and the duty increase of last June. Their management is doing everything possible to see that the losses incurred in these operations during the past two years will not recur.

Our program of consolidating operations continued during 1962. Ryan Bros. Equipment Limited and R. H. Dyson Company Limited have been merged with Canadian Ice Machine Company Limited. As of January 1st, 1963, Shipley Company of Canada Limited and National Heating Products Limited have been merged to form National-Shipley Ltd., a wholly owned subsidiary.

It will be noted that, apart from the small service companies, our total effort is now organized under just two corporate entities. On the one hand, there is the retail or contracting effort carried on by Canadian Ice Machine Company Limited. On the other, there is the wholesale or manufacturing activity, under the name National-Shipley Limited. A complete explanation of the functions of each will be found on the last two pages of this book.



Significant economies and operating improvements have been accomplished through these organizational changes. The removal of import surcharges and the renewed confidence in our currency are also encouraging developments. These factors, together with our fine opening backlog of business, give us reason to believe that 1963 will be a more profitable year than 1962.

On behalf of the Board,

H.O. Shipley
President.

Refrigeration Certified Maintenance Company Limited

Figures for this company are not included in the financial reports presented herein because, as of January 1st, 1962, it was no longer a subsidiary of Canadian Ice Machine Company Limited. This change was accomplished by the sale of shares to employees who are vitally concerned in the success of the Company. While we are no longer able to claim ownership of "R.C.M.", we take pride in its growing success and we are pleased to report that, in the year ended December 31st, 1962, only its third full year of operation, this Company recorded a final net profit of \$6,794.00 which was 6.4% of its billings.

It will be our plan, eventually, to invite interested employees to participate as well in the ownership of Certified Maintenance (Quebec) Limited.

CANADIAN ICE MACHINE COMPANY, LIMITED

Incorporated under the laws of Canada

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash		\$ 135,363.77
Accounts receivable and advances:		
Trade	\$3,006,611.63	
Employees	25,646.50	
	3,032,258.13	
Less Allowance for doubtful accounts	125,091.64	2,907,166.49
Inventories of raw materials, work in process and finished goods, at the lower of cost or market		1,058,466.55
Life insurance, cash surrender value		25,452.30
Prepaid expenses		99,287.77
		<u>\$4,225,736.88</u>

FIXED ASSETS:

	Cost	Accumulated Depreciation	Net
Land	\$ 21,664.48		21,664.48
Building and leasehold improvements	419,712.00	171,165.73	248,546.27
Machinery and equipment	327,273.80	207,847.72	119,426.08
Furniture and fixtures	179,527.47	108,962.06	70,565.41
Automotive equipment	55,015.44	36,379.51	18,635.93
Tools and dies	50,290.99	29,119.80	21,171.19
	<u>1,053,484.18</u>	<u>553,474.82</u>	
			500,009.36

OTHER ASSETS:

Investment in other companies, at cost	24,722.14
Patents, unamortized cost	1,432.91
Contracts, franchises and organization expenses, at cost	11,833.46
Excess of cost of shares of subsidiary company over net book value thereof	69,862.57
	<u>107,851.08</u>
	<u>\$4,833,597.32</u>

- NOTES: 1. Options to purchase 5,000 common shares of the company at \$5.00 per share were exercised on March 12, 1963.
2. Payment of dividends on Class "A" and common shares is subject to certain restrictions.
3. Title to certain land and buildings is subject to payment of the balance owing under the mortgage.
4. Contingent liabilities: (a) Notes receivable under discount, \$470,188.23.
(b) Claim against the companies of approximately \$33,050.00.

AUDITORS' REPORT

To the Shareholders of CANADIAN ICE MACHINE COMPANY, LIMITED:

We have examined the consolidated balance sheet of CANADIAN ICE MACHINE COMPANY, LIMITED and its wholly owned subsidiaries as at December 31, 1962 and the consolidated statements of income and retained earnings for the year ended on that date and have found them to be in accordance with the accounting records and other information furnished to us. In our opinion, and according to the best of our information and the explanations given to us, the consolidated financial statements of the Company, Limited and its wholly owned subsidiaries as at December 31, 1962 and the results of operations for the year ended on that date are in accordance with the accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 12, 1963.

AND ITS WHOLLY OWNED SUBSIDIARIES

the laws of Canada

Sheet December 31, 1962

LIABILITIES

CURRENT LIABILITIES:

Bank loans, partly secured	\$1,385,000.00	
Accounts payable and accrued expenses	1,399,316.44	
Progress billings re contracts in process	\$361,736.96	
Less Unabsorbed costs thereon	350,065.76	11,671.20
Income taxes payable		119,947.97
Dividends payable		5,000.00
Estimated liability for guarantees		61,400.12
Principal instalments on long-term liabilities payable in 1963		56,706.39
		\$3,039,042.12

LONG-TERM LIABILITIES:

5½% Sinking fund debentures, Series "B", requiring deposits of \$25,000.00 annually to 1971	225,000.00	
Payable to City of St. Jerome under lease and agreement of sale	105,194.57	
Notes payable, due \$22,700.00 annually to 1966	90,800.00	
Notes payable, due in 1964	100,000.00	
Mortgages payable	41,030.44	
	562,025.01	
Less Principal instalments payable in 1963 included under current liabilities	56,706.39	505,318.62
		3,544,360.74

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized:

50,000 Class "A" non-redeemable participating shares, par value \$1.00 each, entitled to cumulative preferential annual dividends of 80¢ per share

100,000 common shares, par value \$1.00 each

Issued:

25,000 Class "A" shares	\$ 25,000.00	
50,000 common shares	50,000.00	

75,000.00

Premium received on shares issued 91,500.00 | |

Retained earnings	1,122,736.58	\$1,289,236.58
		<u>\$4,833,597.32</u>

ending at the balance sheet date. These options expire August 31, 1965.
under the terms of the Supplementary Letters Patent and the trust indenture securing the
e lease and agreement of sale.

was unsettled at December 31, 1962.

Approved on behalf of the Board.

H. V. SHIPLEY, *Director* C. F. MACKENZIE, *Director*

MPANY, LIMITED and its wholly owned subsidiaries as at December 31, 1962 and the
obtained all the information and explanations we have required. Our examination included
rting evidence as we considered necessary in the circumstances.
and as shown by the books of the companies, the accompanying consolidated balance sheet
exhibit a true and correct view of the combined state of the affairs of Canadian Ice Machine
their combined operations for the year ended on that date, in accordance with generally

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

CANADIAN ICE MACHINE COMPANY, LIMITED
AND ITS WHOLLY OWNED SUBSIDIARIES

Consolidated Statement of Income

Year ended December 31, 1962

Profit before taking into account the following		\$ 381,571.38
Depreciation and amortization	\$ 60,937.50	
Remuneration of executive officers and solicitors ..	119,375.97	
Directors' fees (other than executives)	1,425.00	
Interest on long-term liabilities	22,092.44	203,830.91
Income from operations before undernoted items ..		177,740.47
Profit on disposal of fixed assets		36,149.41
Income before undernoted taxes		213,889.88
Taxes on income		153,300.53
Net income for year		\$ 60,589.35

Consolidated Statement of Retained Earnings

Year ended December 31, 1962

Retained earnings at beginning of year:		
Balance, December 31, 1961	\$1,065,296.23	
Add Deficit of former subsidiary, previously consolidated	16,851.00	\$1,082,147.23
Net income for year		60,589.35
		1,142,736.58
Dividends of 80¢ per share on Class "A" shares		20,000.00
Retained earnings at end of year		\$1,122,736.58



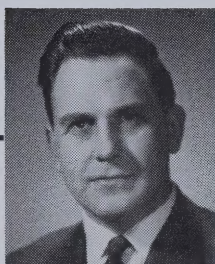
CANADIAN ICE MACHINE COMPANY · MECHANICAL CONTRACTORS



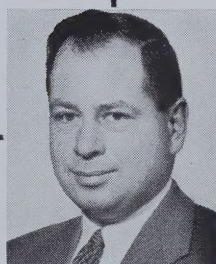
WALTER L. PHARO
Vice-President and
General Manager



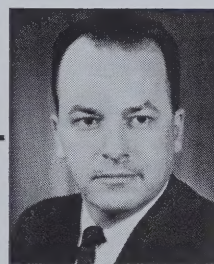
RONALD S. ROSE
Manager
Refrigeration Division



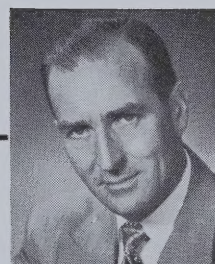
ORVIL L. DAVIE
Manager, Air Conditioning
Plumbing and Heating
Division



GORDON S. MACIVOR
Manager
Manufacturing Division



HUGH G. MacKENZIE
Manager, Certified
Maintenance (Quebec)
Limited



EDWIN F. STANGER
Manager, Refrigeration
Certified Maintenance
Co. Ltd.

Canadian Ice Machine Company, long respected as refrigeration and air conditioning contractors, have expanded districts and branches across Canada to become a complete nation-wide mechanical contracting organization in the refrigeration, air conditioning, plumbing, heating and process piping fields.

The contracting divisions are backed up with a manufacturing organization which specializes in products for these particular fields. All such products are marketed exclusively through the Cimco contracting organization and are tailored to exact job requirements. Other products required are purchased on the open market in strict accordance with job specifications.

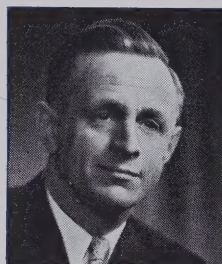
Work in close cooperation with architects, consulting engineers and general contractors provides customers with completely satisfactory installations.

After installation, equally satisfactory operation of all systems is assured through Cimco's coast to coast service organization. In addition to having service men available on short notice, complete ranges of refrigerants, repair parts, controls and accessories are stocked in all major cities across Canada.

In fact, if a customer prefers he may elect a "Certified Maintenance Contract" under which all service labour and material of whatever nature are provided on a guaranteed basis, budgeted in advance for a fixed sum annually.



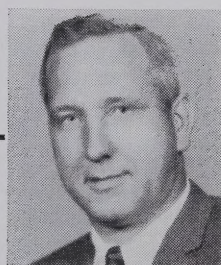
NATIONAL - SHIPLEY LTD. · MANUFACTURERS AND DISTRIBUTORS



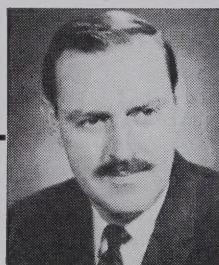
WESLEY L. B. WATTS
Vice-President and
General Manager



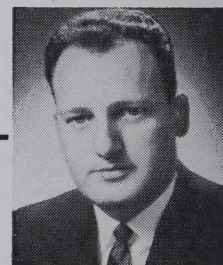
DONALD B. THOMAS
Vice-President and
Manager, Packaged
Products Division



RAYMOND A. JOHNSON
Manager, Engineered
Machinery Division



MATTHEW K. MACLACHLAN
Manager, Heating
Products Division



BERNARD A. AUMAIS
Manager
Manufacturing Division

As the new symbol graphically suggests, National-Shipley Ltd. is the blending of two individual companies into a functional corporate whole.

Shipley Company of Canada formerly operated as distributors of air conditioning and automatic ice making equipment. National Heating Products manufactured and marketed a well-established line of commercial and institutional heating equipment.

Now the two firms become a single, fully-integrated, manufacturing and marketing organization in the heating, air conditioning and ice equipment fields. Shipley Company's extensive sales organization becomes the ideal complement to the excellent manufacturing facilities of National Heating Products.

Marketing of all products is through contractors and dealers and through working in close harmony with consulting engineers.

National-Shipley's line of products range in size from small window air conditioning units for a single room up to and including complete central station equipment for multi-storey buildings involving several thousand horsepower.

Plans are underway at this time for expanding production of unitary air conditioning equipment in National-Shipley's St. Jerome (Quebec) manufacturing plant, thereby adding still further to their line of "Made in Canada" products.

